United Nations S/2013/434

Security Council

Distr.: General
24 July 2013

Original: English

United States of America: draft resolution

The Security Council,

Recalling all its previous relevant resolutions on Iraq, in particular 1500 (2003), 1546 (2004), 1557 (2004), 1619 (2005), 1700 (2006), 1770 (2007), 1830 (2008), 1883 (2009), 1936 (2010), 2001 (2011), 2061 (2012), and resolution 2107 (2013) on the situation between Iraq and Kuwait,

Reaffirming the independence, sovereignty, unity and territorial integrity of Iraq,

Emphasizing the importance of the stability and security of Iraq for the people of Iraq, the region, and the international community,

Encouraging the Government of Iraq to continue strengthening democracy and the rule of law, improving security and public order and combating terrorism and sectarian violence across the country, and *reiterating* its support to the people and the Government of Iraq in their efforts to build a secure, stable, federal, united and democratic nation, based on the rule of law and respect for human rights,

Welcoming improvements in the situation in Iraq achieved through concerted political and security efforts and *stressing* that challenges to security in Iraq still exist and that improvements need to be sustained through meaningful political dialogue and national unity,

Underscoring the need for all communities in Iraq to participate in the political process and an inclusive political dialogue, to refrain from making statements and actions which could aggravate tensions, to reach a comprehensive solution on the distribution of resources, and to ensure stability and develop a just and fair solution for the nation's disputed internal boundaries and work towards national unity,

Reaffirming the importance of the United Nations, in particular the United Nations Assistance Mission for Iraq (UNAMI), in advising, supporting and assisting the Iraqi people, including civil society, and Government to strengthen democratic institutions, advance inclusive political dialogue and national reconciliation according to the Constitution, facilitate regional dialogue, develop processes acceptable to the Government of Iraq to resolve disputed internal boundaries, aid youth and vulnerable groups including refugees and internally displaced persons, promote the protection of human rights, gender equality, youth, and vulnerable groups, and promote judicial and legal reform, and *emphasizing* the importance of the United Nations, in particular UNAMI, prioritizing advice, support, and

Please recycle

assistance to the Iraqi people, including civil society, and Government to achieve these goals,

Urging the Government of Iraq to continue to promote and protect human rights and also to consider additional steps to support the Independent High Commission for Human Rights in carrying out its mandate,

Recognizing the efforts of the Government of Iraq in the promotion and protection of the human rights of women and *reaffirming* its resolutions 1325 (2000), 1820 (2008), 1888 (2009), 1889 (2009), 1960 (2010), and 2106 (2013) on women, peace, and security and *reiterating* the need for the full, equal, and effective participation of women; *reaffirming* the key role women can play in re-establishing the fabric of society and *stressing* the need for their full political participation, including in the development of national strategies in order to take into account their perspectives,

Expressing the importance of addressing humanitarian issues confronting the Iraqi people and stressing the need to continue to form a coordinated response and to provide adequate resources to address these issues,

Underscoring the sovereignty of the Government of Iraq, *reaffirming* that all parties should continue to take all feasible steps and to develop modalities to ensure the protection of affected civilians, including children, women and members of religious and ethnic minority groups, and should create conditions conducive to the voluntary, safe, dignified, and sustainable return of refugees and internally displaced persons or local integration of internally displaced persons, *welcoming* commitments and encouraging continued efforts of the Government of Iraq for the relief of internally displaced persons, refugees and returnees, and *noting* the important role of the Office of the United Nations High Commissioner for Refugees, based on its mandate, in providing continued advice and support to the Government of Iraq, in coordination with UNAMI on these issues,

Urging all those concerned, as set forth in international humanitarian law, including the Geneva Conventions and the Hague Regulations, to allow full unimpeded access by humanitarian personnel to all people in need of assistance, and to make available, as far as possible, all necessary facilities for their operations, and to promote the safety, security, and freedom of movement of humanitarian personnel and United Nations and its associated personnel and their assets,

Recognizing that the situation that now exists in Iraq is significantly different from that which existed at the time of the adoption of resolution 661 (1990), and further recognizing the importance of Iraq achieving international standing equal to that which it held prior to the adoption of resolution 661 (1990),

Welcoming the ratification of the Additional Protocol to its Comprehensive Safeguards Agreement,

Expressing deep gratitude to all the United Nations staff in Iraq for their courageous and tireless efforts, and commending the leadership of the Secretary-General's Special Representative for Iraq, Martin Kobler,

1. *Decides* to extend the mandate of the United Nations Assistance Mission for Iraq (UNAMI) until July 31, 2014;

2. *Decides further* that the Special Representative of the Secretary-General and UNAMI, at the request of the Government of Iraq, and taking into account the letter from the Minister of Foreign Affairs of Iraq to the Secretary-General (S/2013/430, annex), shall continue to pursue their mandate as stipulated in resolution 2061 (2012); and recalls the provisions of resolution 2107 (2013);

3. *Recognizes* that security of United Nations personnel is essential for UNAMI to carry out its work for the benefit of the people of Iraq and calls upon the Government of Iraq to continue to provide security and logistical support to the United Nations presence in Iraq;

4. *Welcomes* the contributions of Member States in providing UNAMI with the financial, logistical, and security resources and support that it needs to fulfil its mission and calls upon Member States to continue to provide UNAMI with sufficient resources and support;

5. *Expresses* its intention to review the mandate of UNAMI in twelve months or sooner, if requested by the Government of Iraq;

6. *Requests* the Secretary-General to report to the Council every four months on the progress made towards the fulfilment of all UNAMI's responsibilities;

7. *Decides* to remain seized of the matter.

Annex I to the letter dated 18 July 2013 from the Permanent Representative of Cyprus to the United Nations addressed to the Secretary-General

Airborne violations

Date	*Time*	*Nature of violation*
1 June 2013	1838-2058	One CN-235 Turkish military aircraft infringed international air traffic regulations by entering the Nicosia flight information region (FIR) without diplomatic permit or contacting the Nicosia air control centre (ACC).
3 June 2013	1455-1655	Two Turkish military helicopters infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
4 June 2013	0928-1023	One Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
	1025-1140	One Cougar Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
5 June 2013	1144-1203	One B-200 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting Nicosia ACC, landing at the illegal airport of Tympou.
	1328-1520	One CN-235 Turkish military aircraft infringed international air traffic regulations by entering the Nicosia FIR without diplomatic permit or contacting the Nicosia ACC.
	1621-1801	One Cougar Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.

Date	*Time*	*Nature of violation*
	1745-1801	One B-200 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, having departed from the illegal airport of Tympou.
	1837-2215	Two Cougar Turkish military helicopters infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
6 June 2013	1846-2147	Two Cougar Turkish military helicopters infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
9 June 2013	1307-1505	One AB-412 Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
10 June 2013	1013-1036	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, landing at the illegal airport of Tympou.
	1028-1135	One Cougar Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
	1130-1149	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, landing at the illegal airport of Tympou.
	1203-1222	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, landing at the illegal airport of Tympou.

Date	*Time*	*Nature of violation*
	1500-1523	One C-650 Turkish military helicopter infringed international air traffic regulations by entering the Nicosia FIR without diplomatic permit or contacting the Nicosia ACC.
11 June 2013	0954-1015	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, having departed from the illegal airport of Tympou.
	1000-1020	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, having departed from the illegal airport of Tympou.
	1031-1105	Two F-16 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
	1521-1614	Two F-16 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
	1642-1800	Two Cougar Turkish military helicopters infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC
	1645-1728	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting Nicosia the ACC, having departed from and again landing at the illegal airport of Tympou.
12 June 2013	1035-1055	One C-650 Turkish military helicopter infringed international air traffic regulations by entering the Nicosia FIR without diplomatic permit or contacting the Nicosia ACC.
	1439-1527	Two F-16 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.

Date	*Time*	*Nature of violation*
	1729-1930	One AB-412 Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
	1729-2200	Two Turkish military helicopters infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
	1730-1840	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, having departed from and again landing at the illegal airport of Tympou.
	1742-1956	One Cougar Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
13 June 2013	0844-0907	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, landing at the illegal airport of Tympou.
	0937-0958	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, landing at the illegal airport of Tympou.
	1116-1134	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, having departed from the illegal airport of Tympou.
	1200-1320	One Cougar Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.

Date	*Time*	*Nature of violation*
	1448-1643	One AB-412 Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
	1518-1535	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, having departed from the illegal airport of Tympou.
	1524-1540	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, having departed from the illegal airport of Tympou.
	1553-1635	Two F-16 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
14 June 2013	1158-1233	Two F-16 Turkish military aircraft infringed international air traffic regulations by entering the Nicosia FIR without diplomatic permit or contacting the Nicosia ACC.
	1547-1631	Two F-16 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
16 June 2013	1103-1121	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, landing at the illegal airport of Tympou.
	1108-1127	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, landing at the illegal airport of Tympou.

Date	*Time*	*Nature of violation*
	1746-1802	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, having departed from the illegal airport of Tympou.
	1758-1808	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, having departed from the illegal airport of Tympou.
17 June 2013	1056-1122	Three F-16 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
	1513-1539	Three F-16 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
19 June 2013	1104-1220	One UH-1 Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
20 June 2013	1334-1352	One C-130 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, landing at the illegal airport of Tympou.
	1713-1727	One C-130 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, having departed from the illegal airport of Tympou.
21 June 2013	0830-0945	One UH-1 Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.

Date	*Time*	*Nature of violation*
	1029-1103	Two F-16 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
	1426-1455	Two F-16 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
24 June 2013	0846-1030	One UH-1 Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
	1024-1208	One Cougar Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
	1025-1100	Two F-16 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
	1314-1500	One Cougar Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
25 June 2013	1150-1437	One CN-235 Turkish military aircraft infringed international air traffic regulations by entering the Nicosia FIR without diplomatic permit or contacting the Nicosia ACC.
	1439-1526	One Cougar Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
26 June 2013	0919-0945	One Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.

Date	*Time*	*Nature of violation*
27 June 2013	1105-1221	One Cougar Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.

Annex II to the letter dated 18 July 2013 from the Permanent Representative of Cyprus to the United Nations addressed to the Secretary-General

Naval violations

Dates	*Nature of violation*
25 May-3 June 2013	One A-576 Turkish tugboat violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos.
31 May-2 June 2013	One F-501 Turkish corvette violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
2-4 June 2013	One F-500 Turkish corvette violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
2-9 June 2013	One P-338 Turkish missile boat violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
2-10 June 2013	One P-334 Turkish missile boat violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
3-6 June 2013	One F-493 Turkish frigate violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
3-24 June 2013	One A-573 Turkish tanker violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos.
6-8 June 2013	One F-493 Turkish frigate violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
6-9 June 2013	One F-500 Turkish corvette violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
8-12 June 2013	One F-494 Turkish frigate violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
9-12 June 2013	One F-502 Turkish corvette violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
10-12 June 2013	One P-1204 Turkish scout ship violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.

Dates	*Nature of violation*
10-13 June 2013	One P-338 Turkish missile boat violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
11-13 June 2013	One P-334 Turkish missile boat violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
12-30 June 2013	One F-494 Turkish frigate violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
13 June 2013	One P-1204 Turkish scout ship violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
13-14 June 2013	One F-502 Turkish corvette violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
13-17 June 2013	One P-333 Turkish missile boat violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
13-20 June 2013	One P-332 Turkish missile boat violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
16-23 June 2013	One F-502 Turkish corvette violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
17-21 June 2013	One P-333 Turkish missile boat violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
21-26 June 2013	One P-332 Turkish missile boat violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
22-26 June 2013	One P-333 Turkish missile boat violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
23-25 June 2013	One C-155 Turkish landing craft tank violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos.
24-25 June 2013	One AG-6 Turkish buoy-laying vessel violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos.

Dates	*Nature of violation*
25-26 June 2013	One NL-125 Turkish landing ship violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos.
25-27 June 2013	One AG-6 Turkish buoy-laying vessel violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos.
25-28 June 2013	One F-502 Turkish corvette violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
26 June-July 2013	One A-573 Turkish tanker violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos.
27-29 June 2013	One AG-6 Turkish buoy-laying vessel violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos.
27 June-July 2013	One P-332 Turkish missile boat violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
27 June-July 2013	One P-333 Turkish missile boat violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
29 June-July 2013	One F-502 Turkish corvette violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
30 June-July 2013	One F-491 Turkish frigate violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.

United Nations S/2013/436

Security Council

Distr.: General
22 July 2013

Original: English

Letter dated 22 July 2013 from the Chargé d'affaires a.i. of the Permanent Mission of Norway to the United Nations addressed to the President of the Security Council

I have the honour to refer to the report of the Somalia and Eritrea Monitoring Group on Somalia of 16 July 2013 (see S/2013/413).

It is with serious concern that the Norwegian Government has noted that in its latest report to the Security Council the Somalia and Eritrea Monitoring Group has conveyed several serious and erroneous allegations implying that Norwegian assistance to Somalia is a cover to promote the commercial interests of Norwegian oil companies. Let me reassure you that these allegations are completely unfounded and simply wrong.

The allegations from the Somalia and Eritrea Monitoring Group are related to two different issues:

1. The involvement of DNO International ASA in Somalia;
2. Statoil's alleged interests in block L26 in Kenya.

Let me start with the latter. In item 37 of its report, the Monitoring Group implies that Statoil's alleged interests in L26 have affected the Norwegian Government's assistance to Somalia: "In this way, Norway's development assistance to Somalia may therefore be used as a cover for its commercial interests there". However, Statoil does not have any interest in the mentioned L26 block, and hence the entire premise of the Monitoring Group's allegations is completely mistaken. We are aware that Statoil had previously shown some interest in possible future oil concessions in Kenya. However, the Norwegian Government has advised the company not to apply for such concessions in areas affected by unresolved issues of maritime delimitation. It was also partly on this basis that Statoil decided not to get involved in the exploration of petroleum resources in this area.

The case regarding DNO International ASA is slightly different. Although the company has its headquarters in Norway, it is an international company with mainly foreign owners, mostly from the Middle East. The Norwegian Government has no ownership in the company. When the Ministry of Foreign Affairs of Norway became aware of the company's intention to get into the mentioned and disputed area of "Somaliland", the Ministry even warned DNO International ASA about the risks that it might entail and the negative consequences for the region.

Please recycle

To imply that the Norwegian Government's assistance to Somalia may be "a cover for commercial interests" is therefore totally unfounded. This of course also applies to Norway's current cooperation with the Federal Government of Somalia and other international partners to set up a Special Financing Facility in order to help speed up the reconstruction efforts of the Federal Government of Somalia. The Special Financing Facility is seen as a temporary funding mechanism until the World Bank and other multilateral donors are ready to take over such responsibility. It is based on the so-called "New Deal" principles, in which the Federal Government of Somalia will have full responsibility for the use of the funds, while the donors will monitor that the funds are used properly and do not disappear through corruption or other malpractices.

The report of the Monitoring Group contains incorrect information concerning the Norwegian assistance to Somalia regarding the preparation of the possible establishment of an exclusive economic zone in the maritime areas off the coast of Somalia. I would like to offer the following information and comments.

On 5 April 2009, in a bilateral meeting in Mogadishu, the Transitional Federal Government of the Somali Republic requested Norwegian assistance in preparing the establishment by Somalia of an exclusive economic zone in the maritime areas off the coast of Somalia. The request was later confirmed by the President of the Transitional Federal Government of the Somali Republic, Sheikh Sharif Sheikh Ahmed, in a bilateral meeting in Istanbul, Turkey, on 22 May 2010, and also by the then Minister of Foreign Affairs of the Transitional Federal Government of the Somali Republic when he visited Oslo in January 2011. At the request of the Transitional Federal Government of the Somali Republic, the project was put on the needs assessment matrix of the Contact Group on Piracy off the Coast of Somalia, and at the 6th plenary meeting of the Contact Group on 10 June 2010, Norway confirmed its readiness to implement and finance the project.

To follow up these requests, the Ministry of Foreign Affairs of Norway sought the assistance of the Norwegian Mapping Authority.

In accordance with article 2 of Somalia's Law No. 37 on the Territorial Sea and Ports of 10 September 1972, the normal baseline from which the breadth of the territorial sea is measured is defined as the low-water line along the coast, unless specifically stipulated otherwise. On the basis of satellite images with a sufficiently high density, and in accordance with the above-mentioned article 2 of Somalia's Law No. 37 and the United Nations Convention on the Law of the Sea, the Norwegian Mapping Authority has provided a list of geographical coordinates of a total of 608 baseline points, specifying the geodetic datum, along the coast of Somalia from the border with Djibouti in the north to the Kenyan border in the south. The first seven points located closest to the border with Djibouti have not been determined with the technically stipulated accuracy. The remaining 601 points are calculated with an accuracy of one second of arc (30 metres). The baseline of Somalia consists of straight lines (geodetic lines) between the points on the list. The geodetic datum is WGS84. On the basis of this baseline, the Norwegian Mapping Authority has computed the outer limits of the territorial sea (12 nautical miles), the future contiguous zone (24 nautical miles) and the future exclusive economic zone (200 nautical miles) of the Federal Republic of Somalia through geographical coordinates of points, specifying the geodetic datum (WGS84).

New legislation will be necessary for Somalia to declare an exclusive economic zone in accordance with the United Nations Convention on the Law of the Sea. Norwegian experts have suggested an informal draft for a new Somali law on the territorial sea, the contiguous zone and the exclusive economic zone of the Federal Republic of Somalia. The proposed new law would supplement Law No. 37 on the Territorial Sea and Ports of 10 September 1972.

Norway remains in contact with the Federal Government of Somalia on these issues. In April 2013, a group of members of the Federal Parliament of Somalia made a study tour to Norway. At their request, the Norwegian Ministry of Foreign Affairs briefed the group on the issues described above.

It is well known that Somalia has unresolved issues of maritime delimitation with neighbouring Kenya. In due time the delimitation of the maritime zones between Somalia and Kenya will have to be effected in accordance with the pertinent provisions of the United Nations Convention on the Law of the Sea. There is no basis for the claims made by the Monitoring Group that the declaration by Somalia of an exclusive economic zone "would lead to a separate process of redrawing the maritime boundary towards a line of latitude" and that such a declaration "would almost certainly lead to a modification in Somalia's maritime boundary in favour of Kenya".

To conclude, I hope that, through the present letter we have clarified that the allegations in the latest report of the Monitoring Group suggesting that our Government's strong engagement to promote peace and development in Somalia and the region is in any way affected by the commercial interests of Norwegian companies are completely unfounded and mistaken. If any of these issues require any further clarification we are prepared to provide more information at any time.

I have the honour to request that the present letter be brought to the attention of the members of the Security Council and issued as a document of the Council.

(*Signed*) Knut **Langeland**
Chargé d'affaires a.i.

United Nations A/67/942–S/2013/437

General Assembly
Security Council

Distr.: General
24 July 2013
English
Original: Arabic

General Assembly
Sixty-seventh session
Agenda item 36
The situation in the Middle East

Security Council
Sixty-eighth year

Identical letters dated 19 July 2013 from the Permanent Representative of Lebanon to the United Nations addressed to the Secretary-General and the President of the Security Council

On instructions from my Government, I should like to convey to you the following information:

At 1330 hours on 2 July 2013, on the outskirts of Kafr Shuba (Hassan Gate 2), near the position of the Indian unit (14-4), a group of 20 Israelis, five of whom were military personnel, accompanied by 1 Merkava tank, 2 Defender vehicles and 1 civilian vehicle, crossed the technical fence and proceeded to inspect it and also to examine a prefabricated structure in the above-mentioned area. The persons and vehicles deployed themselves in the area and took up combat positions, pointing their weapons towards Lebanese Army personnel and Lebanese territory.

At 1500 hours on 8 July 2013, a 10-man Israeli patrol crossed the line of withdrawal in the occupied Shab'a Farms and entered Lebanese territory in the area of Marah al-Haswa, north of the Israeli enemy's Radar position. They abducted a shepherd, Yusuf Rahil, and attempted to abduct another shepherd, Yusuf Zahrah, who fled to the post of the Indian unit attached to the United Nations Interim Force in Lebanon (UNIFIL). The former was released at 1800 hours on that same day, after he had been interrogated at the Israeli enemy position at Maqasir al-Dud.

At approximately 0600 hours on 9 July 2013, on the open sea within the territorial waters of occupied Palestine opposite Ra's al-Naqurah, an Israeli military launch placed a new buoy next to buoy No. 3 and entered some 10 metres into Lebanese territory. The launch then returned to occupied Palestinian territorial waters.

These acts are a blatant violation of my country's sovereignty and the relevant international resolutions, including Security Council resolution 1701 (2006). They are also a flagrant contravention of the Charter of the United Nations and the principles and provisions of international law. I call on the Organization to condemn these violations in the strongest terms and to compel Israel to halt its violations of

Lebanon's sovereignty and fulfil all its obligations pursuant to resolution 1701 (2006).

I should be grateful if you would have the present letter circulated as a document of the sixty-seventh session of the General Assembly, under agenda item 36, and of the Security Council.

(*Signed*) Nawaf **Salam**
Ambassador
Permanent Representative

United Nations S/2013/438

Security Council

Distr.: General
24 July 2013

Original: English

France, Republic of Korea, United Kingdom of Great Britain and Northern Ireland and United States of America: draft resolution

The Security Council,

Reaffirming its previous resolutions and statements of its President concerning the situation in Somalia and Eritrea, in particular resolutions 733 (1992), 1844 (2008), 1907 (2009), 2036 (2012), 2060 (2012) and 2093 (2013),

Taking note of the final reports of the Somalia and Eritrea Monitoring Group (the Monitoring Group) on Somalia (S/2013/413) and Eritrea,

Reaffirming its respect for the sovereignty, territorial integrity, political independence and unity of Somalia, Djibouti and Eritrea respectively,

Expressing concern at the continued violation of the charcoal ban, and *expressing* particular concern over the situation in Kismayo and the impact of these violations on the deteriorating security situation in the Juba regions,

Condemning flows of weapons and ammunition supplies to and through Somalia and Eritrea in violation of the arms embargo on Somalia and the arms embargo on Eritrea, as a serious threat to peace and stability in the region,

Expressing concern at the reports of violations of human rights, including extrajudicial killings, violence against women, children and journalists, arbitrary detention and pervasive sexual violence in Somalia, including in camps for internally displaced persons, and underscoring the need to end impunity, uphold human rights and to hold accountable those who commit such crimes,

Underlining the importance of the Federal Government of Somalia and donors being mutually accountable and transparent in the allocation of financial resources,

Recognizing the significant progress in Somalia over the past year, commending the Federal Government of Somalia for its efforts to bring peace and stability to Somalia, and *encouraging* it to set out and define a clear political process towards implementing a federal structure, in line with the provisional constitution of Somalia,

Encouraging the engagement of the Federal Government of Somalia in identifying for listing individuals and entities engaging in acts that threaten the peace, security and stability of Somalia, as well as other listing criteria,

Welcoming the intention of the Monitoring Group to continue building a productive relationship with the Federal Government of Somalia,

Please recycle

Expressing concern at the level of information sharing between humanitarian agencies and the Monitoring Group, and *urging* enhanced information sharing and dialogue between the Monitoring Group and relevant humanitarian agencies,

Expressing its desire to consolidate and affirm current exemptions to the arms embargo on Somalia and Eritrea in order to facilitate its implementation as well as to add new exemptions in operative paragraph 10 of this resolution,

Looking forward to the EU-Somalia Conference in Brussels on 16 September, and in that context *urging* the international community to work together to ensure Somali government priorities are effectively supported,

Underlining the importance of international support to the Federal Government of Somalia in fulfilling its commitments under the terms of the suspension of the arms embargo,

Welcoming the efforts made by the Secretariat to expand and improve the roster of experts for the Security Council Subsidiary Organs Branch, bearing in mind the guidance provided by the Note of the President S/2006/997,

Recalling the Informal Working Group on General Issues of Sanctions report (S/2006/997) on best practices and methods, including paragraphs 21, 22 and 23 that discuss possible steps for clarifying methodological standards for monitoring mechanisms,

Determining that the situation in Somalia, Eritrea's influence in Somalia, as well as the dispute between Djibouti and Eritrea, continue to constitute a threat to international peace and security in the region,

Acting under Chapter VII of the Charter of the United Nations,

1. *Recalls* resolution 1844 (2008) which imposed targeted sanctions and resolutions 2002 (2011) and 2093 (2013) which expanded the listing criteria, and *notes* one of the listing criteria under resolution 1844 (2008) is engaging in acts that threaten the peace, security and stability of Somalia;

2. *Reiterates* its willingness to adopt targeted measures against individuals and entities on the basis of the above mentioned criteria;

3. *Reiterates* that obstructing the investigations or work of the Monitoring Group is a criterion for listing under paragraph 15 (e) of resolution 1907 (2009);

Arms embargo

4. *Reaffirms* the arms embargo on Somalia, imposed by paragraph 5 of resolution 733 (1992) and further elaborated upon in paragraphs 1 and 2 of resolution 1425 (2002) and modified by paragraphs 33 to 38 of resolution 2093 (2013) (hereafter referred to as "the arms embargo on Somalia");

5. *Further reaffirms* the arms embargo on Eritrea imposed by paragraphs 5 and 6 of resolution 1907 (2009) (hereafter referred to as "the arms embargo on Eritrea");

6. *Decides* that until 6 March 2014 the arms embargo on Somalia shall not apply to deliveries of weapons or military equipment or the provision of advice, assistance or training, intended solely for the development of the Security Forces of

the Federal Government of Somalia, to provide security for the Somali people, except in relation to deliveries of the items set out in the annex to this resolution;

7. *Decides* that supplies of items in the annex to this resolution to the Federal Government of Somalia by Member States or international, regional, and subregional organizations require an advance approval by the committee on a case-by-case basis;

8. *Decides* that weapons or military equipment sold or supplied solely for the development of the Security Forces of the Federal Government of Somalia may not be resold to, transferred to, or made available for use by, any individual or entity not in the service of the Security Forces of the Federal Government of Somalia;

9. *Reminds* the Federal Government of Somalia of its obligations to report to the Security Council no later than 6 October 2013, following that by 6 February 2014, and every six months thereafter, on:

(a) The structure of the Security Forces of the Federal Government of Somalia;

(b) The infrastructure in place to ensure the safe storage, registration, maintenance and distribution of military equipment by the Security Forces of the Federal Government of Somalia;

(c) The procedures and codes of conduct in place for the registration, distribution, use and storage of weapons by the Security Forces of the Federal Government of Somalia, and on training needs in this regard;

10. *Decides* that the arms embargo on Somalia shall not apply to:

(a) Supplies of weapons or military equipment or the provision of assistance, intended solely for the support of or use by United Nations personnel, including the United Nations Assistance Mission in Somalia (UNSOM);

(b) Supplies of weapons and military equipment, technical training and assistance intended solely for the support of or use by the African Union Mission in Somalia (AMISOM);

(c) Supplies of weapons or military equipment or the provision of assistance intended solely for the support of, or use by, AMISOM's strategic partners, operating solely under the African Union Strategic Concept of 5 January 2012 (or subsequent AU strategic concepts), and in cooperation and coordination with AMISOM;

(d) Supplies of weapons and military equipment, technical training and assistance intended solely for the support of or use by the European Union Training Mission (EUTM) in Somalia;

(e) Supplies of weapons and military equipment destined for the sole use of Member States or international, regional and subregional organizations undertaking measures to suppress acts of piracy and armed robbery at sea off the coast of Somalia, upon the request of the Federal Government of Somalia for which it has notified the Secretary-General, and provided that any measures undertaken shall be consistent with applicable international humanitarian and human rights law;

(f) Supplies of protective clothing, including flak jackets and military helmets, temporarily exported to Somalia by United Nations personnel,

representatives of the media and humanitarian and development workers and associated personnel for their personal use only;

(g) Supplies of non-lethal military equipment intended solely for humanitarian or protective use, notified to the Committee five days in advance and for its information only, by the supplying State, international, regional or subregional organization;

11. *Further decides* that the arms embargo on Somalia shall not apply to:

(a) Supplies of weapons or military equipment and technical assistance or training by Member States or international, regional and subregional organizations intended solely for the purposes of helping develop Somali security sector institutions, in the absence of a negative decision by the Committee within five working days of receiving a notification of any such assistance from the supplying State, international, regional or subregional organization;

12. *Decides* that the arms embargo on Eritrea shall not apply to supplies of non-lethal military equipment intended solely for humanitarian or protective use, as approved on case-by-case basis in advance by the Committee;

13. *Decides* that the arms embargo on Eritrea shall not apply to protective clothing, including flak jackets and military helmets, temporarily exported to Eritrea by United Nations personnel, representatives of the media and humanitarian and development workers and associated personnel for their personal use only;

Notification to the Committee

14. *Decides* that the Federal Government of Somalia has the primary responsibility to notify the Committee, for its information at least five days in advance, of any deliveries of weapons or military equipment or the provision of assistance intended solely for the Security Forces of the Federal Government of Somalia, as permitted in paragraph 6 of this resolution and excluding the items listed in the Annex to this resolution;

15. *Further decides* that the Member State or international, regional and subregional organization delivering assistance may, in the alternative, make this notification in consultation with the Federal Government of Somalia;

16. *Stresses* the importance that notifications submitted to the Committee in accordance with paragraphs 14 and 15 above, contain all relevant information, including where applicable, the type and quantity of weapons, ammunitions, military equipment and materiel to be delivered, the proposed date and the specific place of delivery in Somalia;

17. *Calls on* the Federal Government of Somalia to fulfil its obligations under the terms of the suspension of the arms embargo, in particular the notification procedure set out in paragraph 14 of this resolution;

Charcoal ban

18. *Reiterates* that the Somali authorities shall take the necessary measures to prevent the export of charcoal from Somalia and *requests* that AMISOM support and assist the Somali authorities in doing so, as part of AMISOM's implementation of its mandate set out in paragraph 1 of resolution 2093, and *reiterates* that all

Member States shall take the necessary measures to prevent the direct or indirect import of charcoal from Somalia, whether or not such charcoal originated in Somalia;

19. *Expresses its deep concern* at reports of continuing violations of the charcoal ban by Member States, *requests* further detailed information from the Monitoring Group on possible environmentally sound destruction of Somali charcoal, *reiterates* its support for the President of Somalia's task-force on charcoal issues, and *underscores* its willingness to take action against those who violate the charcoal ban;

20. *Reminds* all Member States, including police and troop contributing contingents to AMISOM, of their obligations to abide by the charcoal ban, as set out in resolution 2036 (2012);

Humanitarian issues

21. *Underscores* the importance of humanitarian aid operations, *condemns* any politicization of humanitarian assistance, or misuse or misappropriation, and *calls upon* Member States and the United Nations to take all feasible steps to mitigate these aforementioned practices in Somalia;

22. *Decides* that until 25 October 2014 and without prejudice to humanitarian assistance programmes conducted elsewhere, the measures imposed by paragraph 3 of resolution 1844 (2008) shall not apply to the payment of funds, other financial assets or economic resources necessary to ensure the timely delivery of urgently needed humanitarian assistance in Somalia, by the United Nations, its specialized agencies or programmes, humanitarian organizations having observer status with the United Nations General Assembly that provide humanitarian assistance, and their implementing partners including bilaterally or multilaterally funded NGOs participating in the United Nations Consolidated Appeal for Somalia;

23. *Requests* the Emergency Relief Coordinator to report to the Security Council by 20 March 2014 and again by 20 September 2014 on the delivery of humanitarian assistance in Somalia and on any impediments to the delivery of humanitarian assistance in Somalia, and *requests* relevant United Nations agencies and humanitarian organizations having observer status with the United Nations General Assembly and their implementing partners that provide humanitarian assistance in Somalia to increase their cooperation and willingness to share information with the United Nations Humanitarian Aid Coordinator for Somalia in the preparation of such reports and in the interests of increasing transparency and accountability;

24. *Requests* enhanced cooperation, coordination and information sharing between the Monitoring Group and the humanitarian organizations operating in Somalia and neighbouring countries;

Public financial management

25. *Takes note* of the President of Somalia's commitment to improve public financial management, *expresses its serious concern* at reports of misappropriation of Somalia's public resources, *underlines* the importance of transparent and effective management of public finances, *encourages* more robust efforts across the Federal Government of Somalia to address corruption and hold perpetrators

accountable, improve public financial management and accountability, and *reiterates* its willingness to take action against individuals involved in the misappropriation of public resources;

Petroleum sector

26. *Encourages* the Federal Government of Somalia, to mitigate properly against the risk of the petroleum sector in Somalia becoming a source of increased tension in Somalia;

Mandate of the Monitoring Group

27. *Decides* to extend until 25 November 2014 the mandate of the Somalia and Eritrea Monitoring Group as set out in paragraph 13 of resolution 2060 (2012) and updated in paragraph 41 of resolution 2093 (2013), *expresses* its intent to review the mandate and take appropriate action regarding the further extension no later than 25 October 2014, and *requests* the Secretary-General to take the necessary administrative measures as expeditiously as possible to re-establish the Monitoring Group, in consultation with the Committee, for a period of sixteen months from the date of this resolution, drawing, as appropriate, on the expertise of the members of the Monitoring Group established pursuant to previous resolutions;

28. *To submit*, for the Security Council's consideration, through the Committee, two final reports; one focusing on Somalia, the other on Eritrea, covering all the tasks set out in paragraph 13 of resolution 2060 (2012) and updated in paragraph 41 of resolution 2093 (2013), no later than thirty days prior to the termination of the Monitoring Group's mandate;

29. *Requests* the Committee, in accordance with its mandate and in consultation with the Monitoring Group and other relevant United Nations entities to consider the recommendations in the reports of the Monitoring Group and recommend to the Council ways to improve the implementation of and compliance with the Somalia and Eritrea arms embargoes, the measures regarding the import and export of charcoal from Somalia, as well as implementation of the targeted measures imposed by paragraphs 1, 3 and 7 of resolutions 1844 (2008) and paragraphs 5, 6, 8, 10, 12 and 13 of resolution 1907 (2009) taking into account paragraph 1 above, in response to continuing violations;

30. *Decides* that the Monitoring Group shall no longer be obliged to submit monthly reports to the Committee in the same months in which it provides its mid-term brief and submits its final reports;

31. *Underlines* the importance of engagement between the Government of Eritrea and the Monitoring Group, and *underlines* its expectation that the Government of Eritrea will facilitate the entry of the Monitoring Group to Eritrea without any further delay;

32. *Urges* all parties and all States, as well as international, regional and subregional organizations, including AMISOM, to ensure cooperation with the Monitoring Group, and ensure the safety of the members of the Monitoring Group, unhindered access, in particular to persons, documents and sites the Monitoring Group deems relevant to the execution of its mandate;

AMISOM

33. *Looks forward* to the results of the upcoming joint review of AMISOM by the Secretariat and the African Union, *requests* options and recommendations to be presented to the Council by 10 October 2013, and *welcomes* the African Union's intention to work closely with the Secretariat on the review;

34. *Decides* to remain actively seized of the matter.

Annex

1. Surface to air missiles, including Man-Portable Air-Defence Systems (MANPADS);
2. Guns, howitzers, and cannons with a calibre greater than 12.7 mm, and ammunition and components specially designed for these. (This does not include shoulder fired anti-tank rocket launchers such as RPGs or LAWs, rifle grenades, or grenade launchers.);
3. Mortars with a calibre greater than 82 mm;
4. Anti-tank guided weapons, including Anti-tank Guided Missiles (ATGMs) and ammunition and components specially designed for these items;
5. Charges and devices intended for military use containing energetic materials; mines and related materiel;
6. Weapon sights with a night vision capability.

United Nations S/2013/439

Security Council

Distr.: General
30 June 2013

Original: English

Note by the Secretary-General

The Secretary-General has the honour to transmit herewith to the Security Council the report of the Board of Auditors on the audit of the United Nations escrow account established under the provisions of Security Council resolution 1958 (2010) for the period from 1 January to 31 December 2012.

13-40663 (E) 200813

Please recycle

Letters of transmittal

28 March 2013

In accordance with financial regulation 6.5, I have the honour to submit the accounts of the United Nations escrow account established pursuant to Security Council resolution 1958 (2010) for the period from 1 January to 31 December 2012, which I hereby approve. The financial statements have been completed and certified as correct by the Controller.

(*Signed*) **BAN** Ki-moon

Mr. Amyas Morse
Chair of the Board of Auditors
United Nations
New York

30 June 2013

I have the honour to transmit to you the report of the United Nations Board of Auditors on the United Nations escrow account established under the provisions of Security Council resolution 1958 (2010) for the period from 1 January to 31 December 2012.

(*Signed*) Amyas **Morse**
Comptroller and Auditor-General
United Kingdom of Great Britain and Northern Ireland
Chair of the United Nations Board of Auditors

The President of the Security Council
United Nations
New York

Report of the Board of Auditors on the audit of the United Nations escrow account established under the provisions of Security Council resolution 1958 (2010) for the period from 1 January to 31 December 2012

Contents

		Page
I.	Report of the Board of Auditors (audit opinion)	5
II.	Report of the Board of Auditors (long-form report)	7
	Summary	7
	A. Background	9
	B. Mandate, scope and methodology	9
	C. Findings and recommendations	10
	1. Follow-up of previous recommendations	10
	2. Financial overview	10
	3. Procurement	10
	D. Disclosures by management	11
	E. Acknowledgement	11
	Annex. Status of implementation of the Board's recommendations for the period from 15 December 2010 to 31 December 2011	13
III.	Certification of the financial statements	14
IV.	Financial statements	15
	Statement I. Statement of income and expenditure and changes in reserves and fund balances for the period from 1 January to 31 December 2012	15
	Statement II. Statement of assets, liabilities and reserves and fund balances as at 31 December 2012	16
	Statement III. Statement of cash flows for the period from 1 January to 31 December 2012	17
	Notes to the financial statements	18

I. Report of the Board of Auditors (audit opinion)

Report on the financial statements

We have audited the accompanying financial statements of the United Nations escrow account established under the provisions of Security Council resolution 1958 (2010) for the period from 1 January to 31 December 2012, which comprise the statement of income and expenditure and changes in reserves and fund balances (statement I), the statement of assets, liabilities and reserves and fund balances (statement II), and the statement of cash flows (statement III), as well as the notes to the financial statements.

Management's responsibility for the financial statements

The Secretary-General is responsible for the preparation and fair presentation of the financial statements in accordance with the United Nations system accounting standards and for such internal control as he deems is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express opinions on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the escrow account present fairly, in all material respects, the financial position as at 31 December 2012 and its financial performance and cash flows for the period from 1 January to 31 December 2012 in accordance with the United Nations system accounting standards.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of the escrow account that have come to our notice, or which we have tested as part of our audit, have in all significant respects been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form audit report.

(*Signed*) Amyas **Morse**
Comptroller and Auditor-General of the United Kingdom
of Great Britain and Northern Ireland
Chair of the United Nations Board of Auditors

(*Signed*) **Liu** Jiayi
Auditor-General of the People's Republic of China
(Lead Auditor)

(*Signed*) Ludovick S. L. **Utouh**
Controller and Auditor-General of the
United Republic of Tanzania

30 June 2013

II. Report of the Board of Auditors (long-form report)

Summary

In 2012, the liquidation of the oil-for-food programme was in its ninth year, following the adoption of resolution 1483 (2003) by the Security Council. The Council, in its resolution 1958 (2010), requested the Secretary-General to take all necessary actions to terminate all residual activities under the programme, and authorized the Secretary-General to establish new escrow accounts, including a $20 million administration fund and a $131 million indemnification reserve fund, for a period of six years.

The Board of Auditors has audited the financial statements of the United Nations escrow account established under the provisions of Security Council resolution 1958 (2010) for the period from 1 January to 31 December 2012.

Audit opinion

The Board issued an unmodified audit opinion on the financial statements for the period under review, as reflected in chapter I.

Follow-up of previous recommendations

The two recommendations made for the period from 15 December 2010 to 31 December 2011 had been fully implemented by 31 December 2012.

Financial overview

For the period under review, total income amounted to $996,000, while total expenditure amounted to $1,241,000, resulting in a shortfall of income over expenditure of $245,000. No indemnification disbursement was incurred in the indemnification reserve fund as at 31 December 2012.

Procurement

The procurement manual stipulates that any contract extension exceeding eight months' duration should be reviewed by the Headquarters Committee on Contracts. On the other hand, the Procurement Division, under the "eight-month rule", has separate authority to extend the contract for up to eight months without review by the Headquarters Committee on Contracts.

The Board notes that, on 27 June 2007, the Administration awarded a contract for the provision of legal services for an initial period of six months. This contract has been extended until 31 August 2013, over six years, through the use of 11 amendments, of which 5 were approved by the Procurement Division according to the eight-month rule. The final not-to-exceed amount of the contract increased to $1,500,000, nearly eight times the original not-to-exceed amount of $190,000.

The Board considers that too many short-term extensions might indicate a lack of contracting strategy in the first place. The Board is concerned that the overuse of the eight-month rule through the practice of fragmenting the terms of de facto long-term contracts could potentially be applied to avoid review by the Headquarters Committee on Contracts.

Furthermore, the increased not-to-exceed amount in the latest amendment was overestimated. The Board is of the view that the not-to-exceed amount serves as a cost control to the contract and should be estimated reasonably and practically.

Recommendations

In the light of the findings set out above, the Board recommended that the Administration:

(a) **Properly use the eight-month rule and comply with the forthcoming update of the Procurement Manual;**

(b) **Draw lessons learned from this case to enhance the contractual approach for the procurement of legal services to limit the instance of short-term extensions and formulate an appropriate not-to-exceed amount.**

A. Background

1. In 2012, the liquidation of the oil-for-food programme was in its ninth year, following the adoption of resolution 1483 (2003) by the Security Council. The Council, in its resolution 1958 (2010), requested the Secretary-General to take all actions necessary to terminate all residual activities under the programme. All residual activities under the programme under the old accounts were terminated, and all remaining funds were transferred to the Development Fund of Iraq accordingly in 2011.

2. In the same resolution, the Security Council authorized the Secretary-General to establish new escrow accounts, including a $20 million administration fund and a $131 million indemnification reserve fund, for a period of six years.

3. Also in the same resolution, the Security Council requested that all funds remaining in the escrow account after six years be transferred to the Government of Iraq by 31 December 2016, unless otherwise authorized by the Council.

4. The Board noted that there was no indemnification disbursement in 2012.

B. Mandate, scope and methodology

5. The Board of Auditors has audited the financial statements of the escrow account established under the provisions of Security Council resolution 1958 (2010) for the period from 1 January to 31 December 2012. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations, as well as the International Standards on Auditing. Those standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

6. The audit was conducted primarily to enable the Board to form an audit opinion as to whether the financial statements presented fairly the financial positions of the United Nations escrow account as at 31 December 2012, and the results of operations and cash flows for the period then ended, in accordance with the United Nations system accounting standards. This included an assessment as to whether the expenditures recorded in the financial statements had been incurred for the purposes approved by the governing bodies, and whether income and expenditure had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an audit opinion on the financial statements.

7. The present report covers matters that, in the opinion of the Board, should be brought to the attention to the Security Council. The Board's observations and conclusions were discussed with the Administration, whose views have been taken into account in the present report.

C. Findings and recommendations

1. Follow-up of previous recommendations

8. The two recommendations made for the period from 15 December 2010 to 31 December 2011 had been fully implemented by 31 December 2012.

2. Financial overview

9. Total income for the period under review amounted to $996,000, while total expenditure amounted to $1,241,000, resulting in a shortfall of income over expenditure of $245,000.

10. Compared with the previous period, the decrease in income of $1,265,000, or 56 per cent, during the period under review, was attributed to a decrease in interest income. The decrease in expenditure of $245,000, or 16 per cent, was attributable mainly to the decrease in contractual services costs.

11. As at 31 December 2012, total reserves amounted to $17,704,000 in the administration fund and $133,830,000 in the indemnification reserve fund.

3. Procurement

12. The procurement manual stipulates that any contract extension exceeding eight months' duration should be reviewed by the Headquarters Committee on Contracts. On the other hand, the Procurement Division, under the "eight-month rule", has separate authority to extend the contract for up to eight months without review by the Headquarters Committee on Contracts.

13. The Board noted that, on 27 June 2007, the Administration awarded a contract for the provision of legal services for an initial period of six months. This contract has been extended until 31 August 2013, over six years, through the use of 11 amendments, of which 5 were approved by the Procurement Division under the eight-month rule. Consequently, the final not-to-exceed amount of the contract increased to $1,500,000, nearly eight times the original not-to-exceed amount of $190,000.

14. The Administration stated that a fixed-term contract is not appropriate for the specific service required, nor can the legal firm be changed because of ongoing legal action and therefore the need for continuity. However, the Board considers that too many short-term extensions might indicate a lack of an effective contracting strategy in the first place; and that overuse of the eight-month rule fragmenting the terms of long-term contracts could undermine review by the Headquarters Committee on Contracts.

15. In addition, the Board noted that the initial requirement of the latest amendment was to extend the period from 1 September 2012 to 31 August 2013 with an option to extend until 31 August 2014. For this extension of "one year plus one year option", the not-to-exceed amount was being increased by $200,000, which was based on the facts that average annual expenditure was $200,000 and the balance of the not-to-exceed amount was $198,797 at the time of amendment. In other words, the increased not-to-exceed amount of $200,000 was estimated for a two-year extension rather than a one-year extension. However, the not-to-exceed amount of the latest amendment was actually increased by $200,000, with only one

year's extension, from 1 September 2012 to 31 August 2013, which means the not-to-exceed amount had been overestimated.

16. The Administration explained that the total increase in the not-to-exceed amount of $200,000 was based on a contract extension for a "one year plus one year option". Although the not-to-exceed amount for both years was included in the 12-month extension, the not-to-exceed amount was only an estimate. As services under this contract are provided to the Organization on an "as-needed" basis, there was no risk to the Organization.

17. The Board is of the view that the not-to-exceed amount is the ceiling of the contract, which serves as a cost control and should be estimated reasonably and practically.

18. **The Administration agreed with the Board's recommendation to properly use the eight-month rule and comply with the forthcoming update of the Procurement Manual.**

19. **The Administration also agreed with the Board's recommendation to draw lessons learned from this case to enhance the contractual approach for the procurement of legal services to limit the instance of short-term extensions and formulate an appropriate not-to-exceed amount.**

20. The Administration commented that they will ensure that the not-to-exceed amount is either excluded from the contractual terms or amendments, or when included will match the forecasted period of the contract/amendment as approved by the Headquarters Committee on Contracts. As to short-term extensions, the Assistant Secretary-General for Central Support Services approved revision 7 of the Procurement Manual on 28 June 2013, in which the 20 per cent rule and the eight-month rule are revised. The revision outlines that a contract may be amended multiple times without requiring review by the Headquarters Committee on Contracts, as long as the cumulative increase in value does not exceed the contract value by more than 20 per cent, or $500,000, whichever amount is lower, and the aggregated extension period does not exceed eight months.

D. Disclosures by management

21. The Administration informed the Board that during the period from 1 January to 31 December 2012 there had been no write-off of losses of cash, receivables or properties, no ex gratia payments, and no cases of fraud and presumptive fraud that relate to the United Nations escrow accounts.

E. Acknowledgement

22. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Secretary-General, the Under-Secretary-General for Management, the Assistant Secretary-General and Controller and members of their staff.

(*Signed*) Amyas **Morse**
Comptroller and Auditor-General of the United Kingdom
of Great Britain and Northern Ireland
Chair of the United Nations Board of Auditors

(*Signed*) **Liu** Jiayi
Auditor-General of the People's Republic of China
(Lead Auditor)

(*Signed*) Ludovick S. L. **Utouh**
Controller and Auditor-General of the
United Republic of Tanzania

30 June 2013

Annex

Status of implementation of the Board's recommendations for the period from 15 December 2010 to 31 December 2011

Summary of recommendation	*Paragraph reference*	*Financial period first made*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
Conduct systematically and carefully review the unliquidated obligations to ensure their validity and avoid misstatement of expenditures	19[a]	2011	X			
Take account of the historical disbursement and apply a consistent approach for the estimation of costs supported by adequate justification when preparing the cost plan for legal services	31	2011	X			
Total number of recommendations			**2**			
Percentage of total number of recommendations			**100**			

[a] S/2012/604.

III. Certification of the financial statements

1. The financial statements for the United Nations escrow account established pursuant to Security Council resolution 1958 (2010) for the period from 1 January to 31 December 2012 have been prepared in accordance with financial rule 106.10.

2. The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes provide additional information and clarifications for the financial activities related to Security Council resolution 1958 (2010) undertaken by the Organization during the period covered by these statements, for which the Secretary-General has administrative responsibility.

3. I certify that the appended financial statements for the United Nations escrow account established pursuant to Security Council resolution 1958 (2010), numbered I to III, are correct.

(*Signed*) Maria Eugenia **Casar**
Assistant Secretary-General
Controller

27 March 2013

IV. Financial statements

Statement I

United Nations escrow account established under the provisions of Security Council resolution 1958 (2010)[a]

Statement of income and expenditure and changes in reserves and fund balances for the period from 1 January to 31 December 2012

(Thousands of United States dollars)

	Administration	*Indemnification reserve*	*Total 2012*	*Total 2011*
Income				
Interest income	121	875	996	2 255
Miscellaneous income	–	–	–	6
Total income	**121**	**875**	**996**	**2 261**
Expenditure				
Staff and other personnel costs	931	–	931	1 017
Travel	74	–	74	90
Contractual services	181	–	186	361
Operating expenses	49	1	50	18
Total expenditure	**1 240**	**1**	**1 241**	**1 486**
Excess (shortfall) of income over expenditure	(1 119)	874	(245)	775
Cancellation of prior period obligations	4	–	4	–
Transfers from other funds	–	–	–	151 000
Reserves and fund balances, beginning of period	18 819	132 956	151 775	–
Reserves and fund balances, end of period	**17 704**	**133 830**	**151 534**	**151 775**

[a] See note 1.

The accompanying notes are an integral part of the financial statements.

Statement II

United Nations escrow account established under the provisions of Security Council resolution 1958 (2010)[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2012

(Thousands of United States dollars)

	Administration	*Indemnification reserve*	*Total 2012*	*Total 2011*
Assets				
Cash and term deposits	50	43	93	89
Cash pool	17 754[b]	133 787[c]	151 541	151 806
Accounts receivable	30	–	30	23
Deferred expenditure	26	–	26	20
Total assets	**17 860**	**133 830**	**151 690**	**151 938**
Liabilities				
Unliquidated obligations — current year	57	–	57	91
Accounts payable	99	–	99	72
Total liabilities	**156**	**–**	**156**	**163**
Reserves and fund balances				
Operating reserves[d]	202	–	202	151
Cumulative surplus	17 502	133 830	151 332	151 624
Total expenditure	**17 704**	**133 830**	**151 534**	**151 775**
Reserves and fund balances, end of period	**17 860**	**133 830**	**151 690**	**151 938**

[a] See note 1.

[b] Representing reserves for end-of-service and post-retirement benefits. See note 4.

[c] Representing share of the United Nations Headquarters cash pool, comprising cash and term deposits of $27,051,833, short-term investments.

[d] Representing reserves for end-of-service and post-retirement benefits. See note 4.

Statement III

United Nations escrow account established under the provisions of Security Council resolution 1958 (2010)[a]

Statement of cash flows for the period from 1 January to 31 December 2012

(Thousands of United States dollars)

	Administration	*Indemnification reserve*	*Total 2012*	*Total 2011*
Cash flows from operating activities				
Net excess (shortfall) of income over expenditure (Statement I)	(1 119)	874	(245)	775
(Increase) decrease in accounts receivable	(7)	–	(7)	(23)
(Increase) decrease in deferred expenditure	(6)	–	(6)	(20)
Increase (decrease) in unliquidated obligations	(34)	–	(34)	91
Increase (decrease) in accounts payable	27	–	27	72
Less: Interest income	(121)	(875)	(996)	(2 255)
Net cash from operating activities	**(1 260)**	**(1)**	**(1 261)**	**(1 360)**
Cash flows from investing activities				
Interest income	121	875	996	2 255
Net cash from investing activities	**121**	**875**	**996**	**2 255**
Cash flows from financing activities				
Cancellation of prior period obligations	4	–	4	–
Transfers (to)/from other funds	–	–	–	151 000
Net cash from financing activities	**4**	**–**	**4**	**151 000**
Net increase in cash and term deposits and cash pool	(1 135)	874	(261)	151 895
Cash and term deposits and cash pool, beginning of period	18 939	132 956	151 895	–
Cash and term deposits and cash pool, end of period	**17 804**	**133 830**	**151 634**	**151 895**

[a] See note 1.

Notes to the financial statements

Note 1
United Nations escrow account established under the provisions of Security Council resolution 1958 (2010) (statements I, II and III)

(a) The Security Council, in its resolution 1958 (2010) of 15 December 2010, requested the Secretary-General to take all actions necessary to terminate all residual activities of the oil-for-food programme. The Council authorized the Secretary-General to establish an escrow account and retain $20 million in it until 31 December 2016 for the expenses related to the orderly termination of the residual activities, including the Organization's support to Member State investigations and Member State proceedings related to the programme, as well as the expenses of the office of the High-level Coordinator created pursuant to its resolution 1284 (1999).

(b) In the same resolution, the Security Council authorized the Secretary-General to retain in the escrow account up to $131 million for the purpose of providing indemnification to the United Nations, its representatives, agents and independent contractors with regard to all activities in connection with the oil-for-food programme since its inception, for a period of six years.

(c) Also in the same resolution, the Security Council requested that all funds remaining in the escrow account after six years be transferred to the Government of Iraq by 31 December 2016.

(d) The activities described in (a) and (b) above are shown in the "Administration" and "Indemnification reserve" columns, respectively, in these financial statements.

Note 2
Summary of significant accounting and financial reporting policies of the United Nations

(a) The accounts of the United Nations are maintained in accordance with the Financial Regulations and Rules of the United Nations, adopted by the General Assembly, the rules formulated by the Secretary-General as required under the Regulations and administrative instructions issued by the Under-Secretary-General for Management or the Controller. They also take fully into account the United Nations system accounting standards, as adopted by the United Nations System Chief Executives Board for Coordination. The Organization follows International Accounting Standard 1, "presentation of financial statements", on the disclosure of accounting policies, as modified and adopted by the Chief Executives Board shown below:

(i) Going concern, consistency and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;

(ii) Prudence, substance over form, and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies that have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. These policies should normally be disclosed in one place;

(v) Financial statements should show comparative figures for the corresponding period of the preceding financial period;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) The Organization's accounts are maintained on a fund accounting basis. Separate funds for general or special purposes may be established by the General Assembly, the Security-Council, or the Secretary-General. Each fund is maintained as a distinct financial and accounting entity with a separate self-balancing double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature.

(c) The financial period for the escrow account established under the provisions of Security Council resolution 1958 (2010) is one year from 1 January to 31 December. The financial period of the Organization for all other funds is a biennium and consists of two consecutive calendar years, except for peacekeeping operations which are on annual cycle.

(d) Generally, income, expenditure, assets, and liabilities are recognized on the accrual basis of accounting.

(e) The accounts of the Organization are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transactions at rates of exchange established by the United Nations. In respect of such currencies, the financial statements shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than the United States dollar, translated at the applicable United Nations rates of exchange in effect at the date of the statements. In the event that the application of actual exchange rates at the date of the statements would provide a valuation materially different from the application of the Organization's rates of exchange for the last month of the financial period, a footnote will be provided quantifying the difference.

(f) The Organization's financial statements are prepared on the historical cost basis of accounting, and are not adjusted to reflect the effects of changing prices for goods and services.

(g) The cash flow summary statement is based on the indirect method of cash flows as referred to in the United Nations system accounting standards.

(h) Income:

(i) Voluntary contributions from Member States or other donors are recorded as income on the basis of a written commitment to pay monetary contributions at specified times within the current financial period. Voluntary contributions

made in the form of services and supplies that are acceptable to the Secretary-General are credited to income or noted in the financial statements;

(ii) Allocations from other funds represent monies appropriated or designated from one fund for transfer to and disbursement from another fund;

(iii) Income for services rendered includes amounts charged for salaries of staff members and other costs which are attributable to providing technical and administrative support to other organizations;

(iv) Interest income includes all interest earned on deposits in various bank accounts, investment income earned on marketable securities and other negotiable instruments, and investment income earned in the cash pool. All realized losses and net unrealized losses on short-term investments are offset against investment income. Investment income and costs associated with the operation of investments in the cash pool are allocated to participating funds;

(v) Miscellaneous income includes income from the rental of premises, the sale of used or surplus property, refunds of expenditure charged to prior periods, settlements of insurance claims, net gains on currency fluctuations other than for the current year's obligations, monies accepted for which no purpose was specified and other sundry income;

(vi) Income relating to future financial periods is not recognized in the current financial period and is recorded as deferred income as referred to in paragraph (k) (iii) below.

(i) Expenditure:

(i) Expenditures are incurred against authorized appropriations or commitment authorities. Total expenditures reported include unliquidated obligations and disbursements. Expenditures also include currency exchange adjustments arising from the evaluation of current-period obligations;

(ii) Expenditures incurred for non-expendable property are charged to the budget of the period when acquired and are not capitalized. Inventory of such non-expendable property is maintained at historical cost;

(iii) Expenditures for future financial periods are not charged to the current financial period and are recorded as deferred charges as referred to in paragraph (k) (iv) below.

(j) Assets:

(i) Cash and term deposits represent funds in demand deposit accounts and interest-bearing bank deposits;

(ii) Cash pools comprise participating funds' share of the cash and term deposits, short-term and long-term investments and accrual of investment income, all of which are managed in the cash pools. The investments in the cash pools are similar in nature. Short-term investments are stated at the lower of cost or fair value; long-term investments are stated at cost. Cost is defined as the nominal value plus or minus any unamortized premium or discount. The share in cash pools is reported separately in each participating fund's statement and its composition and the market value of its investments are disclosed in footnotes in the individual statements;

(iii) Inter-fund balances reflect transactions between funds and are included in the amounts due to and from the United Nations General Fund. Inter-fund balances also reflect transactions directly with other escrow accounts and with the United Nations General Fund. Inter-fund balances are settled periodically, depending on the availability of cash resources;

(iv) Provision for delays in collection of receivable balances is not made;

(v) Deferred charges normally comprise expenditure items that are not properly chargeable in the current financial period. They will be charged as expenditure in a subsequent period. These expenditure items include commitments approved by the Controller for future financial periods in accordance with financial rule 106.7. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead-times are required for delivery;

(vi) For purposes of the statement of assets, liabilities and reserves and fund balances only, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred expenditure. The full amount of the advances is maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the expenditures are charged and the advances are settled;

(vii) Maintenance and repair of capital assets are charged to expenditure. Furniture, equipment, other non-expendable property and leasehold improvements are not included in the assets of the Organization. Such acquisitions are charged to expenditure in the year of purchase. The value of non-expendable property is disclosed in the notes to the financial statements.

(k) Liabilities and reserves and fund balances:

(i) Operating reserves include reserves for end-of-service and post-retirement benefits. Operating reserves are included in the totals for reserves and fund balances shown in the financial statements;

(ii) Unliquidated obligations for future years are reported both as deferred charges and as unliquidated obligations;

(iii) Deferred income includes income received but not yet earned;

(iv) Commitments of the Organization relating to prior, current, and future financial periods are shown as unliquidated obligations. Current period obligations remain valid for 12 months following the end of the financial period to which they relate;

(v) Contingent liabilities, if any, are disclosed in the notes to the financial statements;

(vi) The United Nations is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded defined benefit plan. The financial obligation of the Organization to the Pension Fund consists of its mandated contribution at the rate established by the General Assembly together with its share of any actuarial deficiency payments under article 26 of the Regulations of the

Pension Fund. Such deficiency payments are payable only if and when the General Assembly has invoked the provision of article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as at the valuation date. As at the date of the current financial statement, the Assembly has not invoked this provision.

Note 3
Cash pool

(a) Background:

(i) The United Nations Treasury centrally invests surplus funds on behalf of the United Nations Secretariat, including the escrow account established under the provisions of Security Council resolution 1958 (2010). Such surplus funds are combined in one of several internally managed cash pools, which invest in major segments of the money and fixed-income markets. Pooling the funds has a positive effect on overall investment performance and risk, because of economies of scale, and by the ability to spread yield curve exposures across a range of maturities;

(ii) Investment activities are guided by the principles contained in the Investment Management Guidelines. An Investment Committee periodically assesses compliance with the Guidelines and makes recommendations for updates thereto, and also reviews performance of the various cash pools.

(b) Investment management objectives:

Further to the Guidelines, investment objectives of all the cash pools, in order of priority, are the following:

(i) Safety: ensure the preservation of capital;

(ii) Liquidity: ensure sufficient liquidity to enable the Organization to readily meet all operating requirements. Only assets which have a readily available market value and can be easily converted to cash are held;

(iii) Return on investment: attain a competitive market rate of return taking into account investment risk constraints, and the cash flow characteristics of the pool. Benchmarks determine whether satisfactory market returns are being achieved in the cash pool.

(c) Financial information pertaining to the Headquarters cash pool:

(i) The escrow account established under the provisions of Security Council resolution 1958 (2010) participates in the Headquarters cash pool only, which invests in a variety of securities. Such securities may include, but are not restricted to, bank deposits, commercial paper, supranational securities, government agency securities and government securities with maturities of five years or less. All of the securities are denominated in United States dollars. The cash pool does not invest in derivative instruments, asset-backed, mortgage-backed or equity products;

(ii) Investment transactions are accounted for on a settlement date basis. Investment income is recognized on the accrual basis; transaction costs that are directly attributable to the investment activity of the cash pool are

expensed as incurred in the cash pool and the net income is distributed proportionately to the funds participating in the cash pool;

(iii) Gains and losses on the sale of investments are calculated as the difference between the sales proceeds and book value and are reflected in the net income distributed to the cash pool participants;

(iv) As at 31 December 2012, the cash pool held assets of $7,616.7 million; of this amount $151.5 million was due to the escrow account, as reflected against the cash pool line in statement II (statement of assets, liabilities and reserves and fund balances);

(v) Financial information of the cash pool as at 31 December 2012 is summarized in table 1.

Table 1
Summary of assets and liabilities of the cash pool as at 31 December 2012
(Thousands of United States dollars)

Assets	
Short-term investments[a]	3 269 716
Long-term investments[b]	4 333 279
Total investments	**7 602 995**
Cash	2
Accrued investment income	13 686
Total assets	**7 616 683**
Liabilities	
Payable to the escrow account	151 541
Payable to other funds participating in the cash pool	7 465 142
Total liabilities	**7 616 683**
Net assets	–
Summary of net income of the cash pool for the year ended 31 December 2012	
Interest income	41 877
Realized gains on sale of securities	11 169
Net income from operations	**53 046**

[a] At the lower of cost or fair value.
[b] At cost.

(d) Composition of the cash pool:

Table 2 shows a breakdown of the investments held in the cash pool by type of instrument.

Table 2
Investments of the cash pool by type of instrument as at 31 December 2012
(Thousands of United States dollars)

	Carrying amount	*Fair value*[a]
Bonds		
Government agencies	2 159 743	2 170 197
Non-United States sovereigns and supranationals	1 502 726	1 511 581
United States Treasuries	1 600 699	1 600 218
Subtotal	**5 263 168**	**5 281 996**
Discounted instruments	799 730	799 805
Term deposits	1 540 097	1 540 097
Total investments	**7 602 995**	**7 621 898**

[a] Fair value is determined by the independent custodian based on valuations of securities that are sourced from third parties.

(e) Financial risk management:

The cash pool is exposed to a variety of financial risks including credit risk, liquidity risk and market risk (which includes interest rate risk and other price risks), as described below:

(i) Credit risk:

The Guidelines require that investments not be made in issuers whose credit ratings are below specifications, and also provide for maximum concentrations with given issuers. These requirements were met at the time the investments were made. The credit ratings used are those determined by the major credit-rating agencies; Standard & Poor's and Moody's are used to rate bonds and commercial paper, and the Fitch Individual Rating is used to rate term deposits.

The credit ratings of the issuers whose securities were held in the cash pool as at 31 December 2012 are shown in table 3.

Table 3
Investments of the cash pool by credit ratings as at 31 December 2012
(Thousands of United States dollars)

	Total[a]	*Ratings*
Bonds	5 263 168	S&P: 33.5% AAA, 64.6% AA+/AA- and 1.9% BB+; Moody's: 91.4% Aaa, 6.7% Aa1/Aa3 and 1.9% Ba1
Discounted instruments	799 730	S&P: A-1+; Moody's: P-1
Term deposits	1 540 097	Fitch: 67.5% aa- and 32.5% a-/a-/a+
Total investments	**7 602 995**	

[a] Representing the carrying amount of securities as at 31 December 2012.

(ii) Liquidity risk:

The cash pool is exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. It maintains sufficient cash and marketable securities to meet United Nations commitments as and when they fall due. The major portion of the pool's cash and cash equivalents and investments are available within one day's notice to support operational requirements. Hence, the cash pool is able to respond to withdrawal needs in a timely manner, and liquidity risk is considered to be low.

(iii) Interest rate risk:

Interest rate risk is the risk of variability in investments' values due to change in interest rates. In general, as interest rate rises, the price of a fixed rate security falls, and vice versa. Interest rate risk is commonly measured by the fixed rate security's duration, with duration being a number expressed in years. The larger the duration, the greater the interest rate risk.

The cash pool is exposed to interest rate risk as its holdings comprise interest-bearing securities. As at 31 December 2012, the cash pool invested primarily in securities with shorter terms to maturity, with the maximum term being less than four years. The average duration of the cash pool was 1.17 years, which is considered to be an indicator of low interest rate risk.

Table 4 shows how the fair value of the cash pool as at 31 December 2012 would increase or decrease should the overall yield curve shift in response to changes in interest rates. The impact of a shift up or down of up to 200 basis points in the yield curve is shown (100 basis points equals 1 per cent). However in view of the current interest rate environment, the basis point shifts should be considered to be illustrative.

Table 4
Sensitivity of the cash pool to interest rates as at 31 December 2012

Shift in yield curve (Basis points)	*Change in fair value (Millions of United States dollars)*
-200	182
-150	137.1
-100	91.7
-50	45.6
0	0
50	-45.6
100	-91.7
150	-137.1
200	-182

(iv) Other price risk:

The cash pool is not exposed to significant other price risk, as it does not sell short, or borrow securities, or purchase securities on margin, all of which limit the potential loss of capital.

Note 4
Operating reserves

Operating reserves comprise estimated liabilities for end-of-service and post-retirement benefits for applicable staff members. The benefits comprise those for after-service health insurance coverage, repatriation benefits and commutation of unused vacation days. All these liabilities are determined on the basis of an actuarial valuation, which was undertaken by an independent, qualified actuarial firm.

The estimated liabilities as at 31 December 2011 were $151,000 ($81,000 for after-service health insurance, $46,000 for repatriation benefits and $24,000 for unused vacation days). The estimated liabilities as at 31 December 2011 have been rolled forward to 31 December 2012 and estimated at $202,000 ($123,000 for after-service health insurance, $52,000 for repatriation benefits and $27,000 for unused vacation days). Operating reserves are included in the total for reserves and fund balances.

Note 5
Non-expendable property

The non-expendable property valued at historical cost is shown below. The decrease of $38,000 during 2012 represents disposal of obsolete assets ($39,000), adjusted by the correction of the 2011 balance ($1,000).

(Thousands of United States dollars)	*2012*	*2011*
	10	48

Note 6
Contingent liabilities

Further to Security Council resolution 1958 (2010), the Secretary-General took all actions necessary to terminate all residual activities under the oil-for-food programme, including the closure of all letters of credit with outstanding claims of delivery for which no confirmation of arrival would be provided by the Government of Iraq, without prejudice to any rights or claims that the suppliers with claims of delivery may have for payment, or otherwise, against the Government of Iraq under their respective commercial contracts with the Government of Iraq.

In accordance with Security Council resolution 1958 (2010), the Secretariat is negotiating an agreement with the Government of Iraq under which the Government would provide appropriate indemnification to the United Nations, its representatives, agents and independent contractors with regard to all activities in connection with the programme since its inception. Under that agreement, the Government would also agree to provide a waiver of any future claims that the Government of Iraq may have against the United Nations, its representatives, agents and independent contractors with regard to all activities in connection with the programme since its inception.

Note 7
Escrow account activities

Escrow account activities during fiscal year 2012 were as follows:

Expenditure by project as at 31 December 2012

(Thousands of United States dollars)

Projects	*Expenditure*
IRAQ-1958-ADMIN	592
IRAQ-1958-HLC	320
IRAQ-1958-IIC	328
Grand total	**1 240**

IRAQ-1958-ADMIN. In accordance with Security Council resolution 1958 (2010) the Secretariat continued to negotiate the agreement with the Government of Iraq.

IRAQ-1958-HLC. The office of the High-level Coordinator continued its activities pursuant to Security Council resolution 1284 (1999).

IRAQ-1958-IIC. The office of the Independent Inquiry Committee continued to support Member State investigations and Member State proceedings related to the programme.